

# Use the right tool; find the right stuff

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## Professional services procurement solicitation instruments – what to use and when



**P**ROFESSIONAL SERVICES MAY be defined as “infrequent, technical, or unique functions usually performed by independent contractors or consultants whose main occupation is the rendering of such services.”<sup>1</sup> Examples of professional services used in government are accountants, auditors, appraisers, management consultants, evaluators, IT consultants, architects, engineers, law firms and researchers. The selection of an independent contractor or consultant is usually based on skills, knowledge, experience, reputation and creativity. Price may be a secondary factor in the selection.

Procuring professional services from a competitive marketplace is a complex and occasionally risky business. There are always two components to the process: identifying and soliciting appropriately qualified vendors and then selecting the one you choose to work with. Frequently these functions are implemented separately to achieve the objective – to identify the vendor who can do what you want for the price you want to pay.

Government buyers use a variety of solicitation instruments and each of them has their purposes. The most common are a request for qualifications (RFQ) and a request for proposals (RFP). Two other instruments, a request for information (RFI) and a request for expressions of interest (RFEI) are important but used less frequently.

Sometimes the functions of these instruments can overlap or become confused, which can lead to confusion among the vendors. Tables 1 and 2 attempt to clear up any confusion. Moving from the general to the specific, Table 1 summarizes the functions of the four most commonly used instruments, while Table 2 summarizes the fundamental differences between them.

### Request for information

A request for information is published in order to invite vendors in the marketplace to provide information about their firms for possible future reference by the buyer. There is no commitment that their services will be called upon in future. The RFI has the effect of increasing the size of the vendor “pool” known to the buyer, perhaps so that an RFQ or an RFP can be issued at a later date.

The buyer must specify the information requested. As long as the vendor complies, there is no evaluation of the responses. Vendors must be informed of the purpose of the RFI and that it will not be used to evaluate any qualitative responses.

RFIs may describe a project under consideration or the general nature of the work to be requested in future. However, it is important that the vendors’ qualifications to undertake the work are not evaluated at the

RFI stage. If they are to be evaluated, the buyer should use an RFQ or an RFP.

The specific requirements of an RFI are usually simple and the process is often less formal than with an RFQ or an RFP. If a vendor fails to provide some of the mandatory information requested in the RFI, they might be invited to resubmit or they might be treated as non-responsive. The vendor’s intentions in this regard should be stated clearly in the RFI.

An RFI should not be used to establish a “qualified vendor list” since information about the qualifications of the vendors is not requested. If the buyer wants to do this an RFQ or an RFP are better instruments.


### Table 1 – Functions of commonly used procurement instruments

**Request for information (RFI)** – To gather information from the market, often to discover which, if any, vendor offers the services or the solution you seek and to determine the size and content of the vendor “pool.” No evaluation is conducted on the responses as long as the mandatory questions are addressed. The objective is to identify vendors not to evaluate them.

**Request for expressions of interest (RFEI)** – To ask the market who, if anyone, is interested in the type of work or the project the buyer has in mind. Again, the objective is to determine the size of the vendor “pool” and again, no evaluation is conducted on the responses as long as the mandatory questions are addressed. If a vendor is not “interested,” it is unlikely to submit a response, so the results are similar, and may be identical, to those of an RFI.

**Request for qualifications (RFQ)** – To gather specific information on vendors which will enable you to *evaluate and rank their qualifications* to provide the services you seek. Evaluation is conducted on the responses and you may use the responses to choose which firms will be asked to compete in an RFP call. An RFQ incorporates the functions of an RFI and an RFEI in identifying the vendor pool as well as identifying their qualifications. The main differences between an RFQ and an RFP are those of purpose and content.

**Request for proposals (RFP)** – To gather detailed information on the ability of vendors to deliver the services or the solution you seek, for the price you want to pay. Evaluation is conducted on the responses. Only the RFP asks for price, enables the buyer to select one of the vendors to provide the services required and can lead to a contract with the vendor.



## Request for expression of interest

An RFEI is published for similar reasons as an RFI, except that the solicitation instrument specifically requests the expression of vendor interest. In order for the vendor to determine the level of interest, it helps if the RFEI is more explicit than an RFI and contains information on the nature of the work, or even a description of a project under consideration.

Since the RFEI requests only an expression of interest in the work under consideration, it should not be used as a proposal or evaluated as if it were. As with an RFI, if a vendor fails to provide some of the mandatory information requested in the RFEI, they might be invited to resubmit or they might be treated as non-responsive. The buyer's intentions in this regard should be stated clearly in the RFEI.

An RFEI should not be used to establish a "qualified vendor list" since information about the qualifications of the vendors is not requested. If the buyer wants to do this, an RFQ or an RFP should be used.

## Request for qualifications

The use of an RFQ seems to cause the most confusion between buyers and vendors. The object of an RFQ is to identify those vendors who are able to meet the buyer's explicit requirements and which might be invited later to submit a proposal under an RFP competition. Usually (but not always) an RFQ identifies the work to be undertaken by the vendor and asks the vendors to submit relevant qualitative information about their firms.

The most important difference between the RFQ and the two preceding instruments is that the qualitative information provided by the vendor in a response to an RFQ is intended to be evaluated against the buyer's explicit requirements and against other competitive vendors. This is not the case with RFIs or RFEIs.

An RFQ has two fundamental purposes: 1) to identify those vendor firms (if any) which can "clear the bar whose height the buyer has set;" and 2) if several firms can "clear the bar," to identify a shortlist of the best qualified vendors.

These are two very different questions and the difference between them is important to the RFQ process. Clearing the bar implies that the evaluation criteria written into the RFQ are sufficiently explicit that the vendor can clearly identify what needs to be done in the response and the buyer can eas-

ily and fairly separate those vendors which qualify from those which do not – even if all of them do, only one of them does, or none of them do.

Clearing the bar is often the prelude to a later RFP. If so, only those who have qualified through the RFQ process should receive it. Once a vendor has cleared the bar, and qualified under the RFQ, he/she can expect to receive an RFP and he/she can also expect the vendor to send it only to those who have qualified through the RFQ process.

Some buyers use an RFQ to qualify buyers and then engage the winners on a rotation basis. While quite common, this practice is not recommended since the information needed to qualify the vendor for a contract

must include price which is not a qualitative criterion. Use an RFP for this instead.

The RFQ content is crucial to both buyers and vendors. First, the evaluation criteria must properly distinguish between "mandatory" and "qualitative." Mandatory criteria are those which can usually be answered "yes" or "no" or by means of a brief statement and can cause instant disqualification for non-compliance. The mandatory criteria should not usually require supporting evidence. If they do, they are more than likely "qualitative" criteria and should be evaluated accordingly.

Qualitative evaluation criteria (not "desirables,") are those used to evaluate the qualitative responses provided by the vendors and they invariably incorporate "shades of

**Table 2 – Fundamental differences between procurement instruments**

	<b>RFI</b>	<b>RFEI</b>	<b>RFQ</b>	<b>RFP</b>
Purpose	Identify the vendors in the marketplace	Identify the “interested” vendors in the marketplace	Qualify certain vendors to submit a proposal	Rank vendors and select one to provide the services under contract
Project specific	Sometimes	Sometimes	Frequently	Almost always
Need for evaluation	No	No	Yes	Yes
Type of evaluation	NA	NA	Exclusively qualitative	Primarily qualitative
Price requested	No	No	Not usually	Yes
Leads to vendor contract	No	No	No	Yes

grey.” For this reason, the qualitative criteria, and their evaluation methodology, must be clear and explicit so that the vendors can easily respond to them and buyers can easily and transparently evaluate them.

Their evaluation usually requires a “principle-based” evaluation method which is explicit, transparent and can provide proper and credible evaluation reports back to the vendors. A rigorous “principle-based” approach, extensively used for evaluating competitive research proposals (but less so in procurement), gives better, more transparent and more easily supported results than “point scores” or Likert scales.<sup>2</sup>

An RFQ should only ask for qualification information, not a detailed approach and methodology, a workplan or costs. If you need these, you should use a RFP format instead. It should go without mention that the buyer should never make a final selection or issue a contract on the basis of an RFQ process. But we mention it because we have seen it done.

Back to the two fundamental RFQ purposes mentioned above. If you have written the RFQ well and managed the qualitative criteria correctly, an RFQ will identify a manageable number of qualified vendors to whom the RFP might be sent. But what if it identifies too many? Then, you have two options: 1) send the RFP to all of them and accept that your proposal evaluation process will be

a little more demanding, or 2) rank the best of the vendors on the basis of their qualifications and send the RFP only to them.

Either way, you should inform the vendors of your methodology in the RFQ instrument.

The ranking in the latter approach places much greater demands on the evaluation methodology than does the former. This is not just “who can clear the bar” but “who can clear it by the largest margin.” This is a different question and a different process is required. It involves a more explicit form of qualitative ranking process, which merely clearing the bar did not. This brings another dimension into the process, that of explicitly ranking the vendor qualifications to see who is at or near the top of the list. This is more commonly the function of an RFP.

If you use an RFQ, do not make the mistake of asking the vendors to write the same proposal twice. Be very clear about the qualification criteria you wish to evaluate in the RFQ so that the vendors don’t have to repeat their responses in a subsequent proposal in response to the RFP.

If the intent of an RFQ is to narrow the field of qualified vendors for a subsequent RFP, decide on the explicit criteria you will need to do this *for both the RFQ and the subsequent RFP*. Many buyers would assign the criteria as shown in Table 3.

If what we have described as an RFQ looks rather like the first stage in a two-stage RFP process, that is exactly what it usually is.

### Request for proposals

The RFP is the most common of the four solicitation instruments discussed here. It might be issued independently or subsequent to an RFI, an RFEI or an RFQ. An RFP contains all the features of an RFQ with one addition – there is a clear requirement for ranking the responses in order to select the “winner.”

The purposes of an RFP are to: 1) identify those vendor firms (if any) which can “clear

**Table 3 – RFQ and RFP criteria**

<b>RFQ criteria</b>	<b>RFP criteria</b>
Firm's experience	Familiarity with the subject matter
Capability	Approach and methodology
Reputation	Workplan
Knowledge	Timing and schedule
References	Price

the bar whose height the buyer has set;” and 2) determine which of those can best meet the buyer’s requirements.

The purpose is not just to “pick a winner” and this distinction is important. The purpose is also to eliminate from contention any vendors which cannot clear the bar. If a vendor cannot clear the bar in respect of the buyer’s qualitative evaluation criteria, it doesn’t matter where they come in the ranking. So rank only those which clear the bar. If none do, you can cancel the RFP competition.

Further, until you have identified these successful hurdlers, the quoted price does not matter either. You will not do business with a firm which cannot convince you it can do the job just because they are inexpensive. So forget the price evaluation until you have decided which meet your qualitative criteria and which don’t. This means that *price should not be one of the qualitative criteria* and the buyer can safely ignore it until he/she has determined a shortlist of vendors. At that point, price can be incorporated into the selection decision.

Price is always difficult to evaluate because the question usually relates to “value for money” not “the lowest cost,” and “value” is a *qualitative concept*. But by focussing the price evaluation on a small number of competitive *and comparable* vendor proposals, the price issue is much simplified.

To summarize, in evaluating proposals submitted in response to RFQs:

- *disqualify* those which do not meet the mandatory criteria;



- *evaluate* all the proposals against the qualitative criteria; and
- *identify* those that can clear the bar.

For RFP's, however, the steps are:

- *disqualify* those which do not meet the mandatory criteria;
- *evaluate* all the proposals against the qualitative criteria;
- *identify* those that can clear the bar;
- *rank* only those that clear the bar; and
- bring *price* into the consideration only for those you have ranked.

Following a few simple rules and definitions can make your job as a buyer of professional services easier, less risky and more

accountable. Just as importantly, it can make the vendors' jobs easier too. ☺☺

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- <sup>1</sup> [http://en.wikipedia.org/wiki/Professional\\_services](http://en.wikipedia.org/wiki/Professional_services)
- <sup>2</sup> For additional information on the qualitative evaluation of proposals submitted in response to RFQs and RFPs see my previous articles in *Summit Magazine*, September 2006, "Flight Test – Automated System to Procure Consulting Services Tested in BC," and March 2006, "Save Time, Save Money – a Vendor's Top Ten Tips to Improve the RFP Process." Both are available at [www.summitconnects.com](http://www.summitconnects.com).